

## GLOSSARY OF TERMS

### **Accrual Basis of Accounting**

The basis of accounting by which revenues are recorded when earned and expenditures are recorded as soon as they result in liabilities for benefits received.

### **Appropriation:**

A specific amount of money authorized by the City Council for an approved work program or individual project.

### **Assessed Valuation:**

A dollar value placed on real estate or other property by Riverside County as a basis for levying property taxes.

### **Balanced Budget:**

A budget in which planned expenditures do not exceed planned funds available.

### **Beginning/Ending Fund Balance:**

Unencumbered resources available in a fund from the prior/current year after payment of the prior/current year expenses.

### **Bond:**

A certificate of debt issued by an entity, guaranteeing payment of the original investment, plus interest, by a specified future date.

### **Budget:**

An annual financial plan that identifies revenues, types and levels of services to be provided, and the amount of funds that can be spent. The City of Riverside's budget encompasses one fiscal year.

### **Capital Improvement Program:**

A multi-year financial plan containing proposed construction of physical assets, such as park, street, sewerage, cultural, and recreation facilities. This program has identified all projects which are the

responsibility of the City between the present to buildout.

### **Capital Outlay:**

Equipment (fixed assets) with a value of \$5,000 or more (or \$1,000 for electronic equipment) and an estimated useful life of more than one year, such as automobiles and office furniture, which appear in the Operating Budget.

### **Central Service Fund:**

A fund which provides services to all City departments and bills the various other funds for services rendered. Examples of Central Service Funds include Finance, Human Resources, and General Services.

### **Community Development Block Grants (CDBG):**

Funds established to account for revenues from the federal government and expenditures as prescribed under the Community Development Block Grant program.

### **Comprehensive Annual Financial Report (CAFR):**

Financial report organized by fund, which provides a balance sheet that compares assets with liabilities and fund balance. The CAFR is also an operating statement that compares revenues with expenditures.

### **Contingency:**

An appropriation of funds to cover unforeseen events that occur during the fiscal year, such as federal mandates, shortfalls in revenue, and similar eventualities.

### **Council-Manager Form of Government:**

An organizational structure in which the Mayor and City Council appoint an independent city manager to be the chief operating officer of a local government. In

## **GLOSSARY OF TERMS**

practice, a City Council sets policies and the city manager is responsible for implementing those policies effectively and efficiently.

**Continuing Appropriations, or Carryovers:**

Funding approved in the current budget but not expended during a particular fiscal year. These appropriations are carried forward into the next fiscal year for their original intended purpose.

**Cost Allocation:**

A method used to charge General Fund overhead costs to other funds, such as enterprise funds and internal service funds.

**Debt Service:**

The payment of principal and interest on borrowed funds, such as bonds.

**Department:**

An organizational unit comprised of programs or divisions. Examples include the Police Department, Library, and Human Resources Department.

**Encumbrance:**

A legal obligation to pay funds for an expenditure that has not yet occurred.

**Enterprise Fund:**

A fund type established to account for the total costs of selected governmental facilities and services that are operated similar to private enterprises.

**Equipment Outlay:**

A category of expenditures that captures purchases of capital equipment, such as furniture, vehicles, large machinery, and other items.

**Estimate:**

Represents the most recent estimate for current year revenue and expenditures. Estimates are based upon several months of

actual expenditure and revenue experience and consider the impact of unanticipated price or other economic factors.

**Expenditure:**

The actual spending of funds set aside by appropriation for identified goods and services.

**Fee:**

A general term used for any charge levied by government for providing a service or performing an activity.

**Fines, Forfeitures, and Penalties:**

Revenue category that contains monies resulting from violations of various city and state laws, and from damage to city property.

**Fiscal Year:**

A twelve-month period of time designated as the budget year. The City of Riverside's fiscal year is July 1 to June 30.

**Full-Time Equivalent (FTE):**

A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time Typist Clerk working 20 hours per week would be equivalent to one-half of a full-time position, or 0.50 FTE.

**Fund:**

A set of inter-related accounts to record revenues and expenditures associated with a specific purpose.

**Fund Balance:**

The amount of financial resources available for use.

**GANN Limit (Proposition 4):**

Under this article of the California Constitution, the City must compute an annual appropriation limit that states a ceiling

## GLOSSARY OF TERMS

on the total amount of tax revenues the City can appropriate annually.

### **Generally Accepted Accounting Principles (GAAP):**

Uniform minimum standards used by state and local governments for financial recording and reporting that have been established by the accounting profession through the Governmental Accounting Standards Board (GASB).

### **General Fund (101):**

The primary fund used by the City for which revenues and expenditures are not legally restricted for use. Examples of departments operating within the General Fund include Fire, Police, and City Manager.

### **Governmental Accounting Standards Board (GASB):**

The Governmental Accounting Standards Board (GASB) was organized in 1984 by the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities.

### **Grant:**

Contributions of cash or other assets from another governmental agency or other organization to be used or expended for a specific purpose, activity or facility.

### **Infrastructure:**

Facilities that support the daily life and growth of the City, for example, roads, water lines, and sewers.

### **Interfund Transfers:**

A transfer of funds between departments/ funds for specific purposes as approved by the appropriate authority.

### **Internal Service Funds:**

A fund for financing and accounting for a department's (or division's) work for other fund transfers.

### **Levy:**

To impose taxes, special assessments, or charges for the support of city activities.

### **Licenses and Permits:**

Revenue category that accounts for recovering costs associated with regulating business activity.

### **Mission Statement:**

A broad statement that describes the reason for existence of an organization or organizational unit, such as a department.

### **Non-Personnel Expenses:**

Expenditures related to professional services and supplies.

### **Objective:**

Describes an outcome to be accomplished in specific well defined and measurable terms and is achievable within a specific timeframe. Generally, departmental programs have objectives.

### **Ordinance:**

A formal legislative enactment by the governing board (City Council) of a municipality. If it is not in conflict with any higher form of law, an Ordinance has the full force and effect of law within the boundaries of the municipality to which it applies.

### **Operating Budget:**

The annual appropriation of funds for on-going program costs, which include salaries, benefits, maintenance, operation, and capital outlay items.

## **GLOSSARY OF TERMS**

### **Performance Measures:**

Statistical measures which are collected to show the impact of dollars spent on city services.

### **Personnel Expenses:**

An expenditure category that captures expenses related to employee compensation, such as salaries and fringe benefits. Personnel expenses include salaries, pensions, retirement, special pay, and insurance for full-time and part-time employees of the City.

### **Preliminary Budget:**

A balanced budget presented to the City Council by the City Manager. Any City Council changes to the preliminary Budget are incorporated into the final adopted budget.

### **Program:**

Represents major areas or support functions; defined as a service provided to citizens, other departments, or other agencies.

### **Revenues:**

Funds received from the collection of taxes, fees, permits, licenses, interest, and grants during the fiscal year.

### **Schedule:**

A summary of expenditures, revenues, positions, or other data that reflects funding sources and spending plans of the budget and capital improvement programs.

### **Special Revenue Funds:**

Revenues received that have specific purposes for which they are earmarked.

### **Transfers:**

Authorized exchanges of money, positions, or other resources between organizational units or funds.

### **Transient Occupancy Tax (TOT):**

A tax that is levied on occupants of hotel and motel rooms in the City.